

# Trade Never Smelled So Sweet

## Colombian Flowers Make Bouquet Bucks

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Colombians export a crop with a major U.S. market share, a good profit margin, and some addictive qualities. That *licit* crop—fresh cut flowers—is a shining example of the hard work that Colombians are doing to combat the “drugs and thugs” image that so plagues their country in the international business community. By taking advantage of recently expanded trade preferences with the United States, Colombia hopes to expand its economy and to remind us all that there is still some good news about the Colombian market.

Colombia’s flower trade has blossomed out of the Andean Trade Preference Act (ATPA) of 1991, renewed and expanded by the United States’ Trade Act of 2002. The ATPA is a U.S. trade program that provides duty-free access to the U.S. market for more than 6,000 products from Colombia, Bolivia, Ecuador, and Peru. These four Andean countries are the source of the coca plants from which most of the world’s cocaine is produced, and they are major transit areas for cocaine. The goal of the ATPA is to promote the development of sustainable alternatives to drug crop production by offering legal Andean products broader access to the U.S. market.

The flower trade has emerged as a globalization success story—arguably the most successful alternative to Colombia’s violent drug trade. In a little over three decades, Colombia has become the second-largest exporter of flowers in the world, behind

the Netherlands. Colombia’s flower exporters boast annual sales of around \$630 million worldwide. And at least 65 percent of those flowers end up in the hands of U.S. consumers. In fact, an estimated two of every three roses sold here for Mother’s Day originated in Colombia. U.S. market share is even higher for Colombian chrysanthemums (89 percent) and carnations (96 percent).

A mere three-hour flight from Miami, Colombia sends as many as 35 flower-packed planes a day to the United States, especially during the frenzied days leading up to Valentine’s Day and Mother’s Day. And Colombian exporters have learned how to please a wide array of international tastes. They ship partially bloomed flowers to Americans, tightly closed buds to the Japanese, and wide-open flowers to Russians.

### A MUTUAL SUCCESS STORY

From an employment perspective, the flower trade is a clear “win-win” for the United States and Colombia. Many Colombian people have found the key to their welfare in the flower industry. According to Colombia’s association of flower exporters, Asocolflores, the industry creates 83,300 direct jobs and 75,000 indirect jobs, making its concentration of employees per hectare the highest in Colombia’s agricultural sector. And a significant number of workers in the United States, approximately 150,000, depend on Colombian flowers for their livelihood. The importation of Colombian flowers generates significant employment for flower shops, supermarkets, importers, airlines, and trucking companies. Suppliers also benefit, as flower growers buy plastic, cardboard, rubber, wood, agricultural chemicals, transportation,



Assorted bouquets have become one of Colombia’s greatest fresh cut flower exports.

Photo courtesy of Asocolflores.

and other services directly connected with their activities.

Success has not been without controversy, as labor and environmental groups have accused Colombia's flower industry of endangering its workers. In response, Asocolflores has developed in recent years an aggressive social and environmental program, Florverde®, that has emerged as a model for local enterprise. Association members, who account for 85 percent of Colombia's flower exporters, voluntarily follow an environmental code that includes recycling, reduced pesticide use, and water conservation. They provide their workers with child care, education, and housing benefits that go beyond government mandates. And in recognition of the fact that a majority—as much as two-thirds—of the industry's workers are women, Colombian flower growers are pursuing development programs that reflect the needs of female laborers who are often heads of household.

#### NOT JUST ROSES AND DAISIES

In addition to cut flowers, Colombian pigments and plastics have been big winners under the ATPA. While coca production continues to be a serious problem, ATPA trade preferences have helped strengthen Colombia's macroeconomic performance and have provided jobs for workers who might otherwise have participated in illicit coca cultivation. According to the Colombian Ministry of Foreign Trade, between 1992 and 1999, the ATPA generated a total of \$1.2 billion worth of output and more than 140,000 direct jobs in Colombia. And benefits added in 2002 hold further promise for Colombia, including tariff preferences for apparel, petroleum, leather products, and footwear.

Beyond the successful flower trade generated by the ATPA program, what else does the Colombian market have to offer? According to 2002 U.S. Census Bureau figures, Colombia ranks as the 29th market worldwide



Photo courtesy of Asocolflores.

Sixty-five percent of Colombia's flower industry work force is composed of women. Here two of them nurse young carnations in a greenhouse.

for United States exports, and the fourth in Latin America, after Mexico, Brazil, and Venezuela. However, with the recent economic and political upheavals throughout the continent, Colombia is by comparison more stable in political and economic terms than some of its neighbors.

Historically, the United States is Colombia's largest trading partner. U.S. exports to Colombia in 2002 amounted to \$3.6 billion, largely in computers, aircraft, machinery, and cereals. Colombia sold \$4.6 billion in goods to the United States in 2002, notably coal and oil, coffee, cut flowers, and clothing. U.S. foreign direct investment in Colombia amounts to \$5.7 billion and is concentrated largely in the energy, chemical and pharmaceuticals, petroleum, and telecommunications sectors.

Because of its reputation for guerilla conflict, kidnapping, and drug trade, most American companies are not initially inclined to consider doing business in Colombia, especially firms looking for short-term results. At the same time, many savvy global companies clearly understand the strategic potential of the country and are well established in Colombia. Despite the obvious risks, Colombia boasts

a broad, rich mineral and agricultural resource base; educated, skilled workers; a legal, regulatory, business, and physical infrastructure conducive to productive business activity; a modernizing manufacturing and consumer economy; and a long history of economic growth in an essentially democratic political system.

All things considered, Colombia is an attractive market with a tapestry of demographic, geographic, and cultural advantages. The country is strategically located at the northwest corner of South America, with close, easy access to the southern ports of the United States. With coasts on both the Caribbean and Pacific, it straddles the Andes to the Amazon. Colombians are an educated, urbanized people with over 70 percent of the 40.2 million inhabitants living in towns and cities.

As the Western Hemisphere draws closer together with the negotiation and completion of new trade agreements such as the Free Trade Area of the Americas and the U.S.–Central American Free Trade Agreement, more success stories patterned after the success of Colombia are sure to emerge. ■